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RUEHLMC/MILLENNIUM CHALLENGE CORPORATION WASHINGTON DC PRIORITY

C O N F I D E N T I A L SECTION 01 OF 03 YEREVAN 000261

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SUBJECT: PRESIDENT SARGSIAN ON DEMOCRATIZATION, MILLENNIUM CHALLENGE PROGRAM

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Classified By: Ambassador Marie L. Yovanovitch, reasons 1.4(b,d)

SUMMARY

¶1. (C) In an April 15 meeting with the Ambassador, President Sargsian said he would not take action to free March 1 detainees before the trials of the final (and most prominent) seven defendants are concluded. Once the judicial process is over -- Sargsian left no doubt that all would be convicted -- the President pledged to release all of the detainees through a pardon or amnesty. He disputed Ambassador's contention that the GOAM's investigation into March 1 events has been one-sided, and cited the firing of several senior police officials and an ongoing probe into the killings of ten people as evidence. Sargsian promised that the May 31 Yerevan mayoral election would be free, fair and transparent, but complained sarcastically about alleged double standards for Georgia and Azerbaijan. The President said the MCC program is very important for Armenia, but was philosophical about the possibility that the roads portion could be canceled. He claimed that even if that were to happen, Armenia would still implement the program "using other sources" of funding. End Summary.

NO NEAR-TERM RELEASE OF PRISONERS

¶2. (C) Ambassador and DCM met with President Sargsian April 15 to discuss a range of issues (other issues are being reported in separate channels). The Ambassador noted Secretary Clinton's recent call to the President on democracy issues/MCC, and asked Sargsian for an update, particularly on the March 1 detainees. The President flatly ruled out the release of any detainees prior to the completion of judicial proceedings against the seven remaining (and most prominent) defendants. "If I could have done something sooner, I would have," he said, adding that the trials "could have been over by now if the defendants had cooperated." (NOTE: the "trial of seven" which has now been split into separate proceedings, was delayed repeatedly by the defendants' disruption of court sessions. END NOTE.)

¶3. (C) The Ambassador noted that charges in some of the cases -- not only the seven -- appeared to be politically motivated. Recalling Sargsian's recent public comments in which he acknowledged that all sides had some responsibility for the March tragedy, she said it seemed that only one side was being held accountable. Sargsian disputed this, arguing that some officials -- including the chief of police and his deputy, as well as lower-level officials -- had been fired, and that prosecutors were still looking into the killings of

the ten victims. (COMMENT: Although senior law enforcement officials were indeed let go in the months following the post-election violence, the firings were never linked explicitly to the officials' roles in the March 1 events. END COMMENT.)

SARGSIAN: I'M NOT SAYING OUR SYSTEM IS IDEAL

¶4. (C) The Ambassador noted that this is a difficult issue for us, as it involves the Armenian justice system and we may not have all the facts, but reiterated that in some cases people seem to have been singled out for their ties to the opposition. We want to see justice done for the people of Armenia. Sargsian pushed back: "can you imagine a court reading a verdict of acquittal after what these people have brought to this country?" "How could I possibly advocate for this?" he asked. Once the process is finished, he added, the prisoners will be freed "and then they can apply to the European Human Rights Court to prove that our judicial system is corrupt."

¶5. (C) The President acknowledged that "the Armenian system may not be ideal -- the courts may not get things 100 percent right, but everyone must be given sentences before I pardon them." The Ambassador reiterated the importance of this issue for the United States, adding that we hoped these cases would be brought to a fair but rapid conclusion. "I don't believe these trials are going to take years to finish," Sargsian said, noting that recent amendments to the Armenian Criminal Code that resulted in reduced charges against the seven had been made with the advice of the Council of Europe. The Ambassador said we were aware of the changes, and regard them as positive, but defendants are still facing long sentences

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despite the revised charges.

FREE AND FAIR, OR AT LEAST BETTER THAN AZERBAIJAN

¶6. (C) The Ambassador then noted that Washington would be closely watching the Yerevan mayoral election on May 31 -- especially on the key issues of opposition media access and freedom of assembly -- as a barometer of Armenia's progress on democratization. After responding that the election would be free and fair, Sargsian went on to cast doubt on our objectivity. "If Washington doesn't believe that the opposition has access to the media in Armenia," he said, "then it probably won't believe this election is fair."

¶7. (C) The President asserted that the print media is dominated by the opposition and, though the electronic media was more restrictive, "it is no worse than in Azerbaijan and Georgia." In a clear reference to Azerbaijan, Sargsian pointed out that "we don't arrest or kill journalists in Armenia." (COMMENT: While Sargsian is correct in saying that the Armenian print media is relatively free, the circulation is tiny -- the largest Armenian newspaper sells fewer than 10,000 copies daily. END COMMENT.) The President asserted that the opposition would have access to free television time during the election campaign, adding that the GOAM's goal is to make this election better than previous elections in Armenia.

SARGSIAN PHILOSOPHICAL ON MCC

¶8. (C) The Ambassador pointed out that the MCC Board will be weighing democracy issues carefully as it decides the fate of the MCC rural roads program, which is currently on hold. The President countered by quoting former Secretary Rice, who told Sargsian during their meeting in Washington last year

that "the MCC program is not a test; it is not an exam." "I take people at their word," he continued. But then he turned philosophical: "whatever happens, happens. If the United States thinks it will make Armenia a better country to end this program, then it should go ahead."

¶9. (C) The Ambassador responded that while we want the program to continue, the MCC has clear criteria that Armenia is not meeting. Under these circumstances, it is not clear what the Board will decide. Movement on the prisoners issue and a good election in May will be key. The Ambassador added that the Board also includes private members, meaning that the Board's decisions are not entirely under USG control. In any case, she concluded, the progress the Board is looking for would also be good for Armenia.

¶10. (C) Sargsian said the MCC program is very important for Armenia, and that the Government "has decided to implement it" regardless of decisions made in Washington. "If the U.S. wants to take away the money because it thinks I am a bad president, then it can do that." "We will continue to implement it one way or another, and will find other resources." Sargsian and the Ambassador agreed that the MCC program was especially important for Armenians who are hurting as a result of the current economic crisis. When the Ambassador concluded by saying that we want to see democracy flourish in Armenia, Sargsian concluded, sarcastically: "it will flourish, but not like in Georgia and Azerbaijan. Clearly, the soil must be more fertile there."

COMMENT

¶11. (C) There was little in this discussion to suggest that Sargsian is planning significant steps on democratization anytime soon. Rather than focus on what might be possible in the short run, the Armenians continue to fret about double standards and biased analysis. Despite the President's pledge of a clean election, the early signals are all in the other direction. On MCC, Sargsian's approach is becoming increasingly similar to that of his predecessor, Robert Kocharian. The hint that another donor -- which we presume is either the Russians or the World Bank -- might step in to fund MCC projects if funding is cut off in Washington was a typical Kocharian tactic, and in 2008 the GOAM funded the roads project out of its own budget. In the current economic environment, however, this will be more difficult. If the GOAM decides to use the loans to build infrastructure, it is possible that the President's suggestion is more than just a

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bluff. END COMMENT.
YOVANOVITCH